

# Population boom to put pressure on house supply

**Report** Steven Scott and Louise Dodson

The federal government is considering new incentives for the states to speed up planning and development approvals for land and utilities to meet the housing demand that will be created by faster than expected population growth.

Treasury projections for a massive increase in Australia's population to 35 million in 40 years have prompted an urgent rethink of federal government policies to engage with the states and the private sector to ensure adequate housing supply.

A new national urban plan is being finalised by the government for possible release before the end of the year to outline its strategy for providing planning and housing as the population of Sydney and Melbourne approaches 7 million.

The housing concerns were discussed at a meeting between federal Treasurer Wayne Swan and his state and territory counterparts in Canberra on Friday.

Treasury secretary Ken Henry this week raised questions about the impact on the environment and water supplies of the projected population growth, which would mean Brisbane and Perth would grow by 120 per cent.

But Prime Minister Kevin Rudd has called on Australians to be optimistic about the faster population growth, which he said was a positive development for the economy and a contrast with the slowing population growth in many other developed countries.

State and federal treasurers have been discussing the obstacles to meeting the projected huge increase in demand for housing amid fears the planned reduction in the first home buyers grant in December could constrain the longer term supply of houses to meet the ballooning population.

The government is also concerned about the availability of affordable housing and is considering further measures to boost private sector provision of public housing and low-cost rental housing to supplement elements of its fiscal stimulus package.

Mr Swan said there were not enough houses being built to meet demand and more needed to be done to ensure growth in the housing sector during the economic recovery.

"We have not been building enough houses. We do have strong population growth, so it will be very important we move through to economic recovery to ensure that we don't have capacity constraints that flow from a shortage of housing," Mr Swan said.

"That is why we put significant resources into social housing as

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part of our stimulus plan, not just to create jobs for now, not just to support small business for now, but also to leave a lasting legacy of more affordable housing."

The ministerial council meeting discussed incentives for provision of social housing and streamlined development approvals.

Housing Industry Association chief executive officer Ron Silberberg welcomed the Treasurer's acknowledgement of the housing problem posed by the increase in the population.

Calling for a national approach to the issue, Dr Silberberg said: "Responsibility for providing the land and services needed for housing falls mainly on the level of government [the states] which is most constrained by budgets."

Dr Silberberg said with the additional charges for utilities flagged by state governments, new housing could end up being less affordable than existing housing, which was not a desirable income.

"It is important for the commonwealth government to engage with the states on housing. We need a national strategy and we don't have it now," he said.

Dr Silberberg called on the Rudd government to resurrect the Hawke government's "Better Cities" program, which provided a national framework for urban planning and housing policies.

At the meeting on Friday the states and federal governments were unable to resolve their squabble over the cost of public housing, with NSW and Victoria planning to increase public housing rents despite pressure from the federal government not to do so.

Mr Swan is furious that the pension increase announced by the federal government in the May budget could be reduced by rises in rents for public housing by NSW and Victoria and he is expected to take the battle up with Premiers Nathan Rees and John Brumby.

The treasurers also signed up to a national uniform tradesmen licensing system recognising state trade certificates.

"This is very important so that tradies can move from state to state," Mr Swan said.

"The states agreed to fund that system and we agreed to set up a special advisory committee to further increase that important work. This is very important for labour mobility in our community."